

1 DAVID J. WARD (CSBN 239504)
2 CHRISTINA M. WHEELER (CSBN 203395)
3 LIDIA MAHER (CSBN 22253)
4 ANDREW J. NICHOLSON-MEADE (CSBN 284070)
5 JEANE HAMILTON (CSBN 157834)
6 U.S. Department of Justice
7 Antitrust Division
8 450 Golden Gate Avenue
9 Box 36046, Room 10-0101
10 San Francisco, CA 94102
11 christina.wheeler@usdoj.gov
12 Telephone: (415) 436-6660

13 Attorneys for the United States

14 UNITED STATES DISTRICT COURT
15 NORTHERN DISTRICT OF CALIFORNIA
16 SAN FRANCISCO DIVISION

17 **CR 13 805**

18 UNITED STATES OF AMERICA

) Criminal No.

19 v.

) **INFORMATION**

20 FLORENCE FUNG,

) VIOLATIONS: 15 U.S.C. § 1 –

) Bid Rigging (Count One);

21 Defendant.

) 18 U.S.C. § 1349 – Conspiracy to

) Commit Mail Fraud (Count Two)

)

22 The United States of America, acting through its attorneys, charges:

23 FLORENCE FUNG,

24 the defendant herein, as follows:

25 BACKGROUND

26 1. At all times relevant to this Information, when California homeowners defaulted
27 on their mortgages, mortgage holders could institute foreclosure proceedings and sell the
28 properties through non-judicial public real estate foreclosure auctions (“public auctions”). These
public auctions were governed by California Civil Code, Section 2924, *et seq.* Typically, a
trustee was appointed to oversee the public auctions. These public auctions usually took place at

INFORMATION – FLORENCE FUNG – 1

1 or near the courthouse of the county in which the properties were located. The auctioneer, acting
2 on behalf of the trustee, sold the property to the bidder offering the highest purchase price.

3 Proceeds from the sale were then used to pay the mortgage holders, other holders of debt secured
4 by the property, and, in some cases, the defaulting homeowner (collectively, "beneficiaries").

5 COUNT ONE: 15 U.S.C. § 1 – Bid Rigging (San Mateo County)

6 THE COMBINATION AND CONSPIRACY

7 2. Beginning as early as February 2009 and continuing until in or about January
8 2010, the defendant, FLORENCE FUNG, and co-conspirators entered into and engaged in a
9 combination and conspiracy to suppress and restrain competition by rigging bids to obtain
10 selected properties offered at public auctions in San Mateo County in the Northern District of
11 California, in unreasonable restraint of interstate trade and commerce, in violation of the
12 Sherman Act, Title 15, United States Code, Section 1.

13 3. The charged combination and conspiracy consisted of a continuing agreement,
14 understanding, and concert of action among the defendant and co-conspirators to suppress
15 competition by agreeing to refrain from or stop bidding against each other to purchase selected
16 properties at public auctions in San Mateo County at non-competitive prices.

17 4. For the purpose of forming and carrying out the charged combination and
18 conspiracy, the defendant and co-conspirators did those things that they combined and conspired
19 to do, including, among other things:

20 a. agreeing not to compete to purchase selected properties at public auctions
21 in San Mateo County;

22 b. designating which conspirator would win the selected properties at the
23 public auctions for the group of conspirators; and

24 c. refraining from or stopping bidding for the selected properties at the
25 public auctions.

26 5. Various entities and individuals, not made defendants in this Count, participated
27 as co-conspirators in the offense charged and performed acts and made statements in furtherance
28 thereof.

1 TRADE AND COMMERCE

2 6. During the period covered by this Information, the business activities of the
3 defendant and co-conspirators that are the subject of this Information were within the flow of,
4 and substantially affected, interstate trade and commerce. For example, beneficiaries located in
5 states other than California received proceeds from the public auctions that were subject to the
6 bid-rigging conspiracy.

7 JURISDICTION AND VENUE

8 7. The combination and conspiracy charged in this Information was carried out, in
9 part, in the Northern District of California, within the five years preceding the filing of this
10 Information.

11 ALL IN VIOLATION OF TITLE 15, UNITED STATES CODE, SECTION 1.

12 COUNT TWO: 18 U.S.C. § 1349 – Conspiracy to Commit Mail Fraud (San Mateo County)

13 THE CONSPIRACY

14 8. Beginning as early as February 2009 and continuing until in or about January
15 2010 in San Mateo County in the Northern District of California, the defendant, FLORENCE
16 FUNG, and co-conspirators did willfully and knowingly combine, conspire, and agree with each
17 other to violate Title 18, United States Code, Section 1341, namely, to knowingly devise and
18 intend to devise and participate in a scheme and artifice to defraud beneficiaries, and to obtain
19 money and property from beneficiaries by means of materially false and fraudulent pretenses,
20 representations, and promises.

21 9. The objects of the conspiracy were to fraudulently acquire title to selected
22 properties sold at public auctions in San Mateo County, to make and receive payoffs, and to
23 divert money to conspirators that would have gone to the beneficiaries.

24 10. Various entities and individuals, not made defendants in this Count, participated
25 as co-conspirators in the offense charged and performed acts and made statements in furtherance
26 thereof.

27 //

28 //

MEANS AND METHODS

11. For the purpose of forming and carrying out the charged conspiracy, the defendant and co-conspirators did those things that they conspired to do, including, among other things:

- a. negotiating payoffs with one or more conspirators not to compete;
- b. in some instances, falsely participating in foreclosure auctions to create the appearance that they were bidding competitively when, in fact, they were not;
- c. purchasing the selected properties at public auctions at suppressed prices;
- d. paying conspirators monies that otherwise would have gone to the beneficiaries;
- e. taking steps to conceal the fact that monies were diverted from the beneficiaries to the conspirators;
- f. making and causing to be made materially false and misleading statements on records of public auctions that trustees relied upon to distribute proceeds from the public auction to the beneficiaries and convey title to properties sold at the public auction; and
- g. causing the suppressed purchase price to be reported and paid to the beneficiaries.

12. For the purpose of executing the scheme and artifice to defraud and attempting to do so, the defendant and co-conspirators knowingly used and caused to be used the United States Postal Service and private or commercial interstate carriers. For example, trustees used the United States mail and private or commercial interstate carriers to transmit the Trustee's Deeds Upon Sale and other title documents to participants in the conspiracy. These mailings were foreseeable to the defendant in the ordinary course of business.

//

//

//

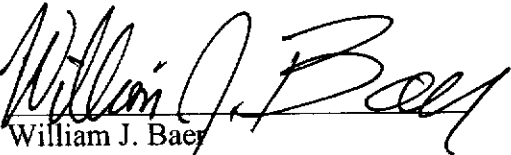
//

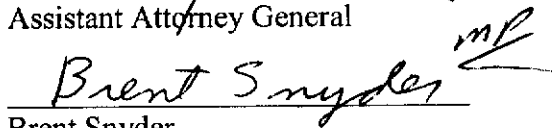
//

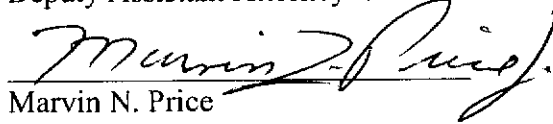
JURISDICTION AND VENUE

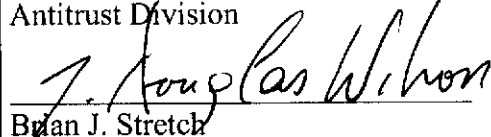
13. The combination, conspiracy, and agreement to violate Title 18, United States Code, Section 1341 charged in this Information was carried out, in part, in the Northern District of California, within the five years preceding the filing of this Information.


ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1349.

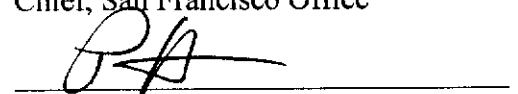

William J. Baer
Assistant Attorney General

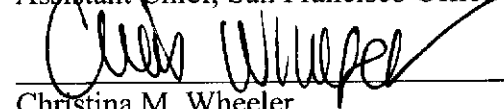

Brent Snyder
Deputy Assistant Attorney General


Marvin N. Price
Director of Criminal Enforcement
United States Department of Justice
Antitrust Division


Brian J. Stretch
Attorney for the United States
Acting Under Authority Conferred
by 28 U.S.C. § 515


Phillip H. Warren
Chief, San Francisco Office


Peter K. Huston
Assistant Chief, San Francisco Office


Christina M. Wheeler
David J. Ward
Lidia Maher
Andrew J. Nicholson-Meade
Jeane Hamilton
Trial Attorneys
U.S. Department of Justice
Antitrust Division